

Message Text

LIMITED OFFICIAL USE

PAGE 01 TUNIS 00179 01 OF 02 101435Z

45

ACTION TRSE-00

INFO OCT-01 EUR-12 NEA-09 ISO-00 AF-06 AEC-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FEAE-00

FPC-01 H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 FRB-01

IO-10 XMB-02 OPIC-03 /111 W
----- 119679

R 101305Z JAN 75

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 7904

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

LIMITED OFFICIAL USE SECTION 1 OF 2 TUNIS 0179

E.O. 11652: N/A

TAGS: EINV, EFIN, TS

SUBJ: TRIPARTITE INVESTMENT UTILIZING MIDDLE EAST OIL FUNDS

REF: STATE 281356

1. SUMMARY: FOR LAST 2-3 YEARS, WITH INCREASE OF
ARAB OIL REVENUES, GOT HAS BEEN SEEKING GREATER
FINANCIAL CONTRIBUTION TO ITS ECONOMIC DEVELOPMENT
FROM ME OIL FUNDS. RECENT SPECTACULAR JUMP IN OIL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TUNIS 00179 01 OF 02 101435Z

REVENUES HAS LED GOT TO REDOUBLE THESE EFFORTS. GOT

POLICY SINCE AT LEAST SECOND HALF OF 1973 HAS STRESSED DESIRABILITY OF COMBINING THESE FUNDS WITH WESTERN TECHNOLOGY, MANAGEMENT, AND EQUIPMENT IN ORDER TO FURTHER ECONOMIC PROGRESS IN TUNISIA AND OTHER MIDDLE EAST AND AFRICAN COUNTRIES. TUNISIAN AUTHORITIES ALSO BELIEVE THAT TUNISIAN INSTITUTIONS CAN PLAY KEY ROLE IN BRINGING WESTERN TECHNOLOGY TOGETHER WITH ARAB OIL FUNDS, AND HAVE TAKEN SOME STEPS TO FURTHER SUCH A DEVELOPMENT. END SUMMARY.

2. KEY INSTITUTION PROMOTING INDUSTRIAL INVESTMENT PROJECTS IN TUNISIA WITH US AND OTHER WESTERN PARTICIPATION BUT DRAWING ON ME OIL FUNDS IS INVESTMENT PROMOTION AGENCY (API), AUTONOMOUS PUBLIC AGENCY WHICH BECAME OPERATIONAL IN 1973 AND IS RESPONSIBLE FOR PROMOTING AND APPROVING ALL INDUSTRIAL INVESTMENT IN TUNISIA. API IS MAKING MAJOR EFFORT TO INTEREST EUROPEAN AND US FIRMS TO CONTRIBUTE TECHNOLOGY, EQUIPMENT, AND CAPITAL FUNDS TO DEVELOP AND ESTABLISH INDUSTRIAL PROJECTS IN TUNISIA. SUCH INDUSTRIES CAN BE WHOLLY OR PARTIALLY OWNED BY FOREIGN INVESTORS AND CAN SERVE DOMESTIC OR EXCLUSIVELY FOREIGN MARKET UNDER VERY FAVORABLE CONDITIONS ESTABLISHED BY LAW OF APRIL 1972. LOCAL AND FOREIGN INVESTORS ARE FREE TO DEVELOP AND PROPOSE ANY PROJECTS THEY BELIEVE SUITABLE, BUT API ALSO IS PREPARING DESIRABLE PROJECTS FOR WHICH INVESTING SPONSORS WILL BE SOUGHT. AS REPORTED TUNIS 0101, API IS CONFIDENT THAT ONCE SOUND AND PROFITABLE PROJECTS HAVE BEEN DEVELOPED WITH DOMESTIC OR FOREIGN INVESTOR PARTICIPATION, API CAN PLAY KEY ROLE IN OBTAINING ME OIL FUND FINANCING ON EITHER EQUITY OR LOAN BASIS. PRINCIPAL POINT OF CONTACT IN API IS PRESIDENT-DIRECTOR GENERAL TIJANI CHELLI OR PROMOTION DIRECTOR ALI EL HICHERI.

3. ECONOMIC DEVELOPMENT BANK OF TUNISIA (BDET) IS PRINCIPAL GENERAL INVESTMENT BANK FOR TUNISIA AND IS GOVERNMENT-CONTROLLED ALTHOUGH MUCH OF EQUITY IS PRIVATELY OWNED. PRESIDENT-DIRECTOR GENERAL OF BDET, HABIB BOURGUIBA, JR., IS STRONG BELIEVER IN API POLICY OF PROMOTING ME OIL FUNDS FOR PROFITABLE DEVELOPMENT PROJECTS TO BE IMPLEMENTED IN COOPERATION WITH PARTILIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TUNIS 00179 01 OF 02 101435Z

CIPANTS FROM US AND OTHER DEVELOPED COUNTRIES. BDET HAS DEVELOPED SEVERAL IMPORTANT PROJECTS IN TUNISIA FOR WHICH IT HAS BEEN INCREASINGLY SEEKING FINANCING FROM ME OIL PRODUCERS AS WELL AS MORE TRADITIONAL SOURCES OF FINANCING, SUCH AS IBRD, AND FOREIGN OFFICIAL OR COMMERCIAL LOANS, AND DOMESTIC TUNISIAN CAPITAL. WITHIN PAST YEAR BDET HAS OBTAINED OR IS ACTIVELY PURSUING SEVERAL LARGE LOANS FROM ME,

INCLUDING \$10 MILLION LOAN FROM QATAR AND \$30 MILLION
LOAN FROM ABU DHABI DEVELOPMENT FUND. IN ADDITION TO
BOURGUIBA, JR., PRINCIPAL CONTACT IN THIS BANK IS
DIRECTOR GENERAL MOKHTAR FAKHFAKH. BANK'S ACTIVITIES
ARE LIMITED TO TUNISIA AT PRESENT.

4. SOCIETE TUNISIENNE DE BANQUE, LARGEST COMMERCIAL/
INVESTMENT BANK IN TUNISIA, WHICH OPERATES AS STATE
BANK DESPITE SOME PRIVATE EQUITY, ALSO SEEKING ME OIL
FUNDS FOR INVESTMENT IN SUITABLE PROJECTS IN TUNISIA.
FORMER STB PDG HASSEN BELKHOJA (NOW MINISTER OF
AGRICULTURE), IS AMONG MANY IMPORTANT TUNISIANS WHO
BELIEVE THAT TUNISIA CAN SERVE AS CATALYST TO COMBINE
ME OIL FUNDS WITH MODERN WESTERN TECHNOLOGY TO FURTHER
DEVELOPMENT PROJECTS IN POORER DEVELOPING COUNTRIES
OF ME AND AFRICA. TO THIS END, HE WAS INSTRUMENTAL

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 TUNIS 00179 02 OF 02 101834Z

45

ACTION TRSE-00

INFO OCT-01 EUR-12 NEA-09 ISO-00 AF-06 AEC-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FEAE-00

FPC-01 H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 FRB-01

OPIC-03 IO-10 XMB-02 /111 W

----- 122692

R 101305Z JAN 75

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 7905

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI

LIMITED OFFICIAL USE SECTION 2 OF 2 TUNIS 0179

IN CREATION OF TUNISO-LIBYAN ARAB BANK WHOSE MAIN OFFICE WAS ESTABLISHED IN BEIRUT IN JANUARY 1974 AS JOINT TUNISIAN-LIBYAN FINANCIAL VENTURE. BELKHOJA STATED HE HOPED THIS BANK WOULD PERMIT TUNISIAN BANKING EXPERTS TO CHANNEL LIBYAN AND OTHER ARAB OIL REVENUES INTO SOUND AND PROFITABLE PROJECTS IN AFRICA AND ME. HE ALSO WORKED TO EXTEND STB'S OPERATIONS TO SEVERAL ARAB AND AFRICAN COUNTRIES INCLUDING ZAIRE, IVORY COAST, MAURITANIA, SENEGAL, AND NIGER. WHILE THIS EFFORT IS INTENDED TO EXTEND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TUNIS 00179 02 OF 02 101834Z

STB'S NORMAL COMMERCIAL BANKING ACTIVITIES, BELKHOJA ALSO TOLD EMBOFF THAT IT WAS INTENDED TO DEVELOP SUITABLE PROJECTS FOR WHICH STB COULD OBTAIN ME OIL FUNDS. BELKHOJA ALSO SAID THAT STB DESIRED AMERICAN ADVANCED TECHNOLOGICAL AND CAPITAL PARTICIPATION IN SUCH PROJECTS AND MIGHT EVEN REQUIRE ASISTANCE FROM US BANKS. EMBASSY NOT WELL INFORMED ON STB'S EFFORTS TO FURTHER THESE OBJECTIVES SINCE TUNISO-LIBYAN BANK AND MANY OF STB'S TRIPARTITE INVESTMENT ACTIVITIES NOT OPERATING THROUGH TUNISIA. PERSON TO CONTACT WOULD BE NEW PDG HABIB GHENIM OR MONCEF MAAOUI, DEPUTY DIRECTOR GENERAL.

5. EMBASSY BELIEVES THAT INVESTMENT POTENTIAL FOR TRIPARTITE INVESTMENT IN TUNISIA BASED ON ME OIL FUNDS AND ADVANCED WESTERN TECHNOLOGY AND MANAGEMENT TECHNIQUES IS EXCELLENT. WHILE API IS UNDOUBTEDLY MAJOR INTERMEDIARY TO HELP DEVELOP AND IMPLEMENT POSSIBLE PROJECTS, BDET, STB, OR EVEN SOME OF OTHER BANKS OPERATING IN TUNISIA ARE ALSO SUITABLE CHANNELS TO FACILITATE INVESTMENT OF ME OIL FUNDS HERE. ON OTHER HAND, EMBASSY NOT CERTAIN WHETHER TUNISIAN DESIRE TO ACT AS MIDDLEMAN IN DEVELOPING SUITABLE PROJECTS ELSEWHERE IN ME AND AFRICA TO BE FINANCED BY ME OIL FUNDS IS A REALIZABLE OBJECTIVE. WHILE TUNISIAN BANKING INSTITUTIONS ARE PROBABLY ADVANCED RELATIVE TO THOSE IN MOST OTHER DEVELOPING COUNTRIES, WE BELIEVE THEY STILL DO NOT HAVE SUFFICIENT EXPERIENCE AND TECHNICAL MANAGEMENT SKILLS TO BE ABLE TO FORMULATE AND PROMOTE MAJOR PROJECTS IN OTHER COUNTRIES. IT IS POSSIBLE, HOWEVER, THAT US AND OTHER WESTERN FIRMS AND BANKS COULD WORK OUT PROFITABLE JOINT VENTURES WITH

SUCH TUNISIAN INSTITUTIONS WHICH MIGHT RESULT IN SOUND
PROJECTS ATTRACTIVE TO ME OIL FUNDS. ASSOCIATION WITH
TUNISIANS, WHO AS ARAB AFRICANS WITHOUT NEGATIVE
HISTORICAL REPUTATION IN AFRICA,MIGHT FACILITATE
TRIPARTITE INVESTMENT VENTURES IN SOME ARAB/AFRICAN
COUNTRIES. POSSIBLE ESTABLISHMENT OF IDENTIFIABLE
BRANCK OF U.S. BANK IN TUNISIA (TUNIS 0061) WOULD
CONSIDERABLY FACILITATE U.S. ROLE IN SUCH VENTURES-
BOTH IN TUNISIA AND ELSEWHERE IN AFRICA AND ME.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TUNIS 00179 02 OF 02 101834Z

SEELYE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, PETROLEUM, LESS DEVELOPED COUNTRIES, JOINT VENTURES
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TUNIS00179
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750011-0001
From: TUNIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750160/aaaacapc.tel
Line Count: 239
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 281356
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 13 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 MAY 2003 by BoyleJA>; APPROVED <15 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRIPARTITE INVESTMENT UTILIZING MIDDLE EAST OIL FUNDS
TAGS: EINV, EFIN, TS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006